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SECSTATE FOR EAP/CM
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E.O. 12958: DECL: 06/30/2018
TAGS: [BEXP](#) [CH](#) [ETRD](#) [ETTC](#) [PREL](#)
SUBJECT: POST SHIPMENT VERIFICATION CHECK: D375609 NANJING
ELECTRONICS CALIBRATION CO.

REF: A0 USDOC 313 (01/16/08) B) BEIJING 4343 (06/28/07)

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Classified By: Jeannette L. Chu, Export Control Officer
for reasons 1.4 b/h

11. (U) Unauthorised disclosure of the information below is prohibited by Section 12(c) of the Export Administration Act.

12. (U) REFTEL requested a Post-Shipment Verification (PSV) end-use check to determine the legitimacy and reliability of the end-user, NANJING ELECTRONICS CALIBRATION CO. ("NECC") located in Nanjing, Jiangsu Province, China. The company is listed on BIS license application D375609 as the ultimate consignee of one primary frequency standard. This item is controlled for national security reasons under ECCN 3A002. The licensee is SYMMETRICOM INC., 2300 Orchard Parkway, San Jose, California.

13. (U) On January 17, 2008, ECO requested that the Department of Mechanic, Electronic and High Technology Industries of the Ministry of Commerce (MOFCOM) arrange a PSV end-use visit to NECC in accordance with the Exchange of Letters on End-Use Visit Understanding (EUVU). On May 16, 2008 MOFCOM scheduled this visit for May 22, 2008.

14. (U) On May 22, 2008, ECO, accompanied by MOFCOM official WEI Jie and ZHU Meiqin and MA Mingrong from the Nanjing Bureau of Foreign Trade and Economic Cooperation conducted the requested PSV at NECC, No. 301 East Zhong Shan Road, Nanjing, Jiangsu Province, China (tele: (86)(25)5180-2331). ECO met with WEI Yanting, Engineer. GAO Xiang, a representative from the foreign purchaser, JIANGSU HIGH HOPE INTERNATIONAL GROUP, also attended this meeting.

15. (SBU) Ms. WEI Yanting stated that NECC has 57 employees, 276 measurement instruments and four laboratories (RF, time and frequency, electronics, and miscellaneous calibration), occupying 2000 sq. mtrs. on the third floor of the building.

NECC was established as an employee-owned stock company in 2002 and has been certified by the China National Accreditation Service for Conformity Assessment (CNAS). NECC does not manufacture products; the company performs calibration services for equipment manufacturers including Sharp, Kongda and Haier. Some of NECC's work is conducted off-site at the locations of their clients but most work is done within their own laboratory where the calibration equipment is located; Ms. WEI stated that the primary frequency standard is only used in the laboratory. According to MOFCOM official Mr. WEI Jie the work of NECC is similar to that performed by the company discussed in REFTEL B, which had purchased the same equipment from SYMMETRICOM.

¶6. (SBU) According to Ms. WEI Yangting, the SYMMETRICOM primary frequency standard covered in this export license was purchased as a replacement for an identical piece of equipment (same manufacturer and model), that had reached the end of its product life cycle. In response to specific questioning by ECO, Ms. WEI advised that the old equipment had been discarded as it was no longer functional. NECC uses the primary frequency standard to calibrate rubidium clocks and quartz oscillators. Ms. WEI stated that this device is used twice a year, in May and October. ECO observed the primary frequency standard in a closed room within the time and frequency laboratory and was told that Ms. WEI and one other NECC employee are the only

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persons with access to this area. ECO verified the serial number on the primary frequency standard as US545382334. ECO observed equipment including a FLUKE reference standard, HEWLETT PACKARD quartz oscillator, and domestic equipment from Shijiazhuang connected to this primary frequency standard. ECO also observed other calibration equipment in this room.

¶7. (SBU) Ms. WEI Yangting stated that NECC was not provided with a copy of the U.S. export license or export license conditions but advised that she understood that the primary frequency standard could not be sold or transferred to other end-users. Mr. GAO Xiang, the representative of the foreign purchaser, JIANGSU HIGH HOPE, advised that he had received a copy of the U.S. export license from the SYMMETRICOM. At the request of MOFCOM official Mr. WEI Jie, Mr. GAO immediately arranged for his office to fax the license conditions to NECC. ECO observed Mr. GAO handing this document to Ms. WEI Yangting.

¶8. (SBU) ECO observed a sign, "EAST REGION CALIBRATION CENTER OF THE MINISTRY OF INFORMATION INDUSTRY" ("MII") directly over the NECC reception area and was told by Ms. WEI Yangting that they are co-located. She added that MII has responsibility for setting certain calibration standards but that NECC is not under the authority of the MII. ECO observed that Ms. WEI's business card states "NANJING ELECTRONICS CALIBRATION CO., LTD" and "SIGNAL PARAMETER CALIBRATION CENTER OF JIANGSU PROVINCE QUALITY TECHNOLOGY SUPERVISORY BUREAU" and was told by Ms. WEI that NECC meets calibration standards set by provincial and national-level authorities. ECO also observed that Ms. WEI's business card provides an e-mail address at "panda.cn" and further observed "PANDA ELECTRONICS" signs throughout the NECC office; Ms. WEI advised that all of the tenants in the building are able to use e-mail addresses provided by "PANDA

ELECTRONICS"

and denied any further association with this company.

¶9. (S) ECO accessed the NECC website, www.necc.cn, which describes NECC as the "No. 2101 LABORATORY OF DEFENCE CALIBRATION CENTER" as well as the "SIGNAL PARAMETER CALIBRATION CENTER AND ELECTRONICS INSTRUMENT PARAMETER TEST LABORATORY OF JIANGSU PROVINCE QUALITY AND TECHNOLOGY SUPERVISORY BUREAU" and further states that the company has "41 measurement standards authorised by Defence Technology Industry Committee." Commercial Specialist ZHAO Peining telephonically contacted Ms. WEI Yanting, who admitted that NECC has been certified as meeting calibration standards for military use but denied that NECC is involved in any military-related programs. (COMMENT: Based upon extensive research and consultation with sources familiar with the standards industry in China, post believes the "Defence Technology Industry Committee" to be the same entity as the Commission for Science and Technology for National Defense Industries a/k/a COSTIND.)

¶10. (S) ADDITIONAL INFORMATION: Research by ECO disclosed that NECC was created by PANDA ELECTRONICS GROUP ("PEG"), which contradicts statements made during the PSV visit by Ms. WEI Yangting, who denied any corporate relationship between PEG and NECC. PEG was previously known as the "NANJING RADIO FACTORY", which was established in 1939 and is also known as the No. 714 Factory subordinate to MII. PEG is also a subsidiary of CHINA ELECTRONICS CORPORATION ("CEC"), which

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is involved in the development of electronic components and devices for civilian and military uses. Additional information concerning these entities is available through the following:

- TR-1019-2007 (08/08/07)
- TR-0068-2007 (01/16/07)
- TR-1373-2006 (10/11/06)
- TR-1475-2005 (12/27/05)
- TR-0307-2005 (05/06/05)
- TR-0394-2002 (05/16/02)
- TR-0023-1996 (01/23/96)
- NCIS TPR-002-206-2006 (07/25/06)
- IIR4 212 1382 06 (04/20/06)

Information concerning NECC corporate relationships and the above references were not provided to ECO prior to this PSV end-use visit.

11). (SBU) Based upon the information received during this Post-Shipment Verification end-use visit post believes NANJING ELECTRONICS CALIBRATION CORP. ("NECC") to be a reliable recipient of U.S. controlled commodities. ECO did not observe unauthorised use of this commodity during the PSV visit. OEA has cleared on this cable.
RANDT